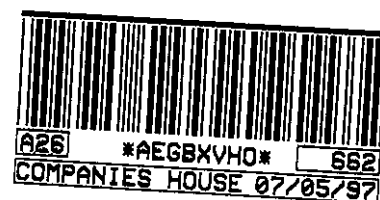


WATCHDIRECT LIMITED

Company No. 2476751

FINANCIAL STATEMENTS

30 SEPTEMBER 1996



WATCHDIRECT LIMITED**DIRECTORS' REPORT**

The directors have pleasure in submitting their annual report and financial statements for the year ended 30 September 1996.

Activities

The company did not trade during the current or preceding period.

Dividends

The directors do not recommend the payment of a dividend for the year (1995 : £nil).

Directors

The directors during the period were as follows:

PEB Cawdron
BE Wickham

The directors who held office at the end of the financial period had the following interests in the shares of Grand Metropolitan PLC, the ultimate holding company:

	Ordinary shares of 25p each		1995	Options		1996
	1996	1995		Granted in year	Exercised in year	
BE Wickham	24,000	32,763	141,348	24,454	(56,000)	109,802

The above options were held under Grand Metropolitan PLC share option schemes at prices between 243p and 474p per share exercisable by 2006.

The interests of P E B Cawdron in the ultimate holding company are disclosed in the accounts of that company.

Neither of the directors who held office at the end of the financial period had any interests in the shares of the company.

WATCHDIRECT LIMITED

DIRECTORS' REPORT (continued)

Auditors

The company is dormant as defined by Section 250 of the Companies Act 1985 and is duly exempt from the obligation to appoint auditors.

By order of the board



SM ADAMS
Secretary
30 April 1997

8 Henrietta Place
London
W1M 9AG

WATCHDIRECT LIMITED**BALANCE SHEET AS AT 30 SEPTEMBER 1996**

	Note	<u>1996</u> £	<u>1995</u> £
Current assets			
Other debtors due within one year		<u>2</u>	<u>2</u>
Capital and reserves			
Called up share capital	3	<u>2</u>	<u>2</u>

The company was dormant, within the meaning of Section 250 of the Companies Act 1985, throughout the financial period.

The financial statements were approved by the board of directors on 30 April 1997 and signed on its behalf by:



BE Wickham
Director

The attached notes form part of these financial statements.

WATCHDIRECT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****1. Accounting policies**

The financial statements have been prepared under the historical cost convention and comply with applicable UK accounting standards.

2. Profit and loss account

There were no profits or losses nor any recognised gains or losses in this or the previous period. Accordingly neither a profit or loss account, a statement of recognised gains or losses or a reconciliation of movements in shareholders' funds have been presented.

3. Called up share capital

	1996 £	1995 £
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

4. Holding company

The company is a wholly owned subsidiary of Grand Metropolitan PLC, a company registered in England, whose accounts may be obtained from Grand Metropolitan PLC, 8 Henrietta Place, London, W1M 9AG.